



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

July 23, 2008

Honorable Howard Downing  
Attorney at Law  
109 South First Street  
Nicholasville, KY 40356

CERTIFICATE OF SERVICE

RE: Case No. 2008-00274  
Blue Grass Energy Cooperative Corp.

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on July 23, 2008.

A handwritten signature in cursive script, reading "Stephanie Stumbo".

---

Executive Director

SS/rs  
Enclosure



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July 23, 2008

J. Donald Smothers  
Vice President, Financial Services  
Blue Grass Energy Cooperative Corp.  
P. O. Box 990  
1201 Lexington Road  
Nicholasville, KY 40340-0990

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Executive Director

SS/rs  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE GRASS ENERGY )  
COOPERATIVE CORPORATION FOR A )  
CERTIFICATE OF CONVENIENCE AND ) CASE NO.  
NECESSITY TO APPLY FOR AND OBTAIN A ) 2008-00274  
FRANCHISE IN THE TERRITORIAL LIMITS OF )  
LEXINGTON-FAYETTE URBAN COUNTY )  
GOVERNMENT OF FAYETTE COUNTY )  
KENTUCKY FOR ELECTRIC UTILITY SERVICE )

ORDER

On July 14, 2008, Blue Grass Energy Cooperative Corporation ("Blue Grass Energy") filed with the Commission its application seeking a Certificate of Convenience and Necessity to qualify it to bid on a franchise for electric service offered by the city of Lexington, Kentucky. Under the provisions of KRS 278.020(4), no utility may apply for a franchise from any governmental agency until it has obtained a Certificate of Convenience and Necessity from this Commission based on our finding that there is a need and demand for the service sought to be rendered.

In light of the ordinance of the city of Lexington creating an electric distribution franchise, the Commission determines that there is evidence of a need and demand for electric service in the above-mentioned city. Since the Commission's authority in such matters is limited by statute to finding only whether there is a need and demand for the service sought to be rendered, no finding or determination is made as to the qualifications of the bidder, the validity of any of the provisions of the franchises offered by said city, or the manner in which any franchise fee is to be treated for rate purposes.

IT IS THEREFORE ORDERED that:

1. Blue Grass Energy is granted a Certificate of Convenience and Necessity that authorizes it to bid on a franchise for electric service offered by the above-mentioned city.
2. Blue Grass Energy, if it becomes the successful bidder, shall file with this Commission two copies of the franchise agreement.
3. This Order shall not be construed as granting a Certificate of Convenience and Necessity to construct utility facilities in said city.

Done at Frankfort, Kentucky, this 23rd day of July, 2008.

By the Commission

ATTEST:

  
Executive Director *for Stephanie Strumbo*  
*by permission*

Case No. 2008-00274